

JS 44 (Rev. 12/07)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

ROBERT G. WING as Receiver for VESCOR CAPITAL CORP., et al.,

(b) County of Residence of First Listed Plaintiff Salt Lake County, Utah
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Sally B. McMinimee & Jared N. Parish

PRINCE YEATES & GELDZAHLER

175 East 400 South Ste 900, Salt Lake City, Utah 84111

DEFENDANTS

WILLIAM J. HAMMONS, BILO 1989 TRUST, and JOHN DOES I-X

County of Residence of First Listed Defendant Washington County, Utah
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE
LAND INVOLVED.

Attorneys (If Known)

Cliff Dunn

DUNN LAW FIRM

170 North 400 East, Ste G, St. George, Utah 84771

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|--|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated <i>or</i> Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated <i>and</i> Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition			

V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from another district (specify)
- ☐ 6 Multidistrict Litigation
- ☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

28 U.S.C. §754

Brief description of cause:

Fraudulent Transfer Claim by a Receiver**VII. REQUESTED IN COMPLAINT:**

☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☐ Yes ☒ No**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE Dee BensonDOCKET NUMBER 1:08cv00012

DATE

August 14, 2008

SIGNATURE OF ATTORNEY OF RECORD

Sally B. McMinimee

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

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Attorneys for Receiver Robert G. Wing

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

ROBERT G. WING, as Receiver for
VESCOR CAPITAL CORP., a Nevada
corporation, VESCOR CAPITAL, INC., a
Nevada corporation, VESCOP CAPITAL,
LLC, a Nevada limited liability company,
VESCOP CAPITAL IV-A, LLC, a Nevada
limited liability company, and VESCOP
CAPITAL IV-M, LLC, a Nevada limited
liability company,

Plaintiff,

vs.

WILLIAM J. HAMMONS, BILO 1989
TRUST DATED JULY 13, 1989, BILL
HAMMONS AND ASSOCIATES, BILL
HAMMONS INVESTMENTS, and JOHN
DOES I-X,

Defendants.

COMPLAINT

Civil No. _____

Judge _____

Robert G. Wing, receiver for VesCor, complains against defendants as
follows:

STATEMENT OF THE CASE

1. This action arises out of a Ponzi scheme. In 1990, Val Edmund Southwick (“Southwick”) began and operated companies referred to collectively as “VesCor.” VesCor borrowed money from investors telling them their money would be used to fund the development of commercial and industrial real estate. In fact, VesCor used most of the money it obtained from new investors to pay the debts owed to older investors, to pay commissions on the sale of investments, to fund company operations, and to pay Southwick’s personal expenses.
2. In 1992, VesCor was sanctioned by the Utah Department of Commerce, Division of Securities (“Division”) in a Stipulation and Consent Order, which identified unregistered securities which were offered to investors in the State of Utah.
3. In 2002, VesCor was again sanctioned by the Division in a Stipulation and Consent Order, which identified unregistered securities which were offered and sold to investors in the State of Utah.
4. In 2004, VesCor agreed with the Division it would discontinue offering securities for sale to Utah residents and cease making offers for the sale of securities from within the State of Utah to investors who resided out of the State. VesCor further agreed to pay investors their principal and accrued interest at the maturity date of their investments or at an earlier call date.
5. VesCor continued to sell unregistered securities in the State of Utah in violation of the Division’s Orders and the 2004 agreement.

6. By 2006, Vescor had grown to a complex web of over 150 corporations and limited liability companies, registered in Utah and Nevada, and owned interests in commercial and industrial real estate in Nevada, Utah, Montana and California. On May 31, 2006 the VesCor Ponzi scheme collapsed when Southwick stopped paying monthly interest payments and principal redemptions to most investors.
7. On March 31, 2008, Southwick pleaded guilty to nine counts of securities fraud, each a felony in the second degree, in the Third District Court of Utah, and was later sentenced by Utah District Court Judge Robin Reese to serve nine consecutive 1-15 year prison terms, the maximum allowed by State law.
8. On February 6, 2008, the United States Securities and Exchange Commission ("SEC") filed suit against Southwick and five VesCor entities identified as issuers of promissory notes to investors alleging violations of the anti-fraud provisions of the securities laws.
9. On May 5, 2008, this Court appointed Robert G. Wing as Receiver for VesCor. In this action, the Receiver seeks to recover for VesCor investors money fraudulently transferred from VesCor to transferees who did not provide VesCor with reasonably equivalent value in return for the transfers, and who did not take those transfers in good faith.

PARTIES, JURISDICTION AND VENUE

10. VesCor Capital Corporation ("VCC"), headquartered in Ogden, Utah, is a Nevada corporation formed by Southwick in 1990. Robert G. Wing is the

Receiver for VCC and all affiliated limited partnerships, corporations or other business entities.

11. VesCor Capital Incorporated ("VCI"), headquartered in Ogden, Utah, is a Nevada corporation formed by Southwick in 1995. Robert G. Wing is the Receiver for VCI and all affiliated limited partnerships, corporations or other business entities.
12. VesCorp Capital, LLC ("VCP"), headquartered in Ogden, Utah, is a Nevada limited liability company formed by Southwick in 2003. Robert G. Wing is the Receiver for VCP and all affiliated limited partnerships, corporations or other business entities.
13. VesCorp Capital IV-A, LLC ("VCP IV-A"), headquartered in Ogden, Utah, is a Nevada limited liability company formed by Southwick in 2004. Robert G. Wing is the Receiver for VCP IV-A and all affiliated limited partnerships, corporations or other business entities.
14. VesCorp Capital IV-M, LLC ("VCP IV-M"), headquartered in Ogden, Utah, is a Nevada limited liability company formed by Southwick in 2004. Robert G. Wing is the Receiver for VCP IV-M and all affiliated limited partnerships, corporations or other business entities.
15. William J. Hammons ("Hammons") is an individual and co-trustee of the BILO 1989 Trust dated July 13, 1989 ("BILO").
16. BILL HAMMONS AND ASSOCIATES and BILL HAMMONS INVESTMENTS are entities believed to have been used by Hammons to

solicit and transfer funds to VesCor, and do not appear to be registered with a Secretary of State.

17. John Does I-X are currently unidentified trusts, corporations, limited liability companies, limited partnerships, or other entities controlled by Hammons or other trustees or controlling entities of BILO or Does I-X.
18. Jurisdiction is proper in this Court pursuant to 28 U.S.C. Section 1367 and 28 U.S.C. Section 754.
19. Venue is proper in this Court pursuant to 28 U.S.C. Section 754.

CLAIM(S) FOR RELIEF

(Fraudulent Conveyances to William J. Hammons, the BILO Trust(s), Bill Hammons Investments, Bill Hammons and Associates, and Does I-X)

20. Mr. Hammons acted as a sales agent or broker for VesCor both in his individual capacity and through his entities, Bill Hammons Investments and Bill Hammons and Associates. In these capacities, he sold investments for, and was paid commissions by, VesCor.
21. In addition, Mr. Hammons invested with VesCor.
22. VesCor's accounting records show that Mr. Hammons and his trust, BILO, received much more money from VesCor than they invested. Some of the amount received may have been for commissions.
23. These payments were made as part of a Ponzi scheme and were therefore, by definition, made to hinder, delay or defraud creditors and or investors of VesCor.
24. These receipts constitute fraudulent transfers to the extent they exceed the amount invested by Mr. Hammons, BILO or Does I-X. They were made at a time when

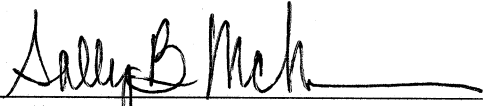
VesCor was insolvent, VesCor did not receive substantially equivalent value for the transfers and Mr. Hammons, BILO and Does I-X did not take the transfers in good faith.

WHEREFORE, Plaintiff prays as follows:

- A. That the plaintiff be awarded damages against Hammons, BILO, Bill Hammons Investments, Bill Hammons and Associates, and Does I-X in an amount to be determined at trial, plus interest, costs and attorneys fees.
- B. For such other relief as the Court may allow.

DATED this 14th day of August, 2008.

PRINCE YEATES & GELDZAHLER


Sally B. McMinimee
Attorneys for Receiver Robert G. Wing